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Population and Workforce in Oman

Population statistics

In the latter half of the 20th century, largely thanks to the discovery of oil in the region, all political entities of the Gulf transformed themselves from desert sheikhdoms into modern states. This process was accompanied by the rapid population growth¹. The Sultanate of Oman has followed the suit. The population of the country grew from around 400 thousand in 1950 to 3 million in 2004: more than sevenfold (Table 1)².

Table 1. Oman. Population growth, 1950-2004 (in thousands)

1950	1960	1970	1980	1990	2000	2003	2004
413 ^a	505 ^a	654 ^a	1,060 ^b	1,625 ^b	2,402 ^b	2,341 ^c	2,903 ^d

Sources: ^a *Gulf Statistical Profile*, Table 5.2, p. 201; ^b Oman Statistical Yearbook 2004, www.moneoman.gov.om; ^c 2003 Population Census, Oman Statistical Yearbook 2004; ^d CIA World Factbook 2004, www.cia.gov.

¹ For the population data see A. Kapiszewski, *National and Expatriates. Population and Labor Dilemmas of the GCC States* (Reading, Ithaca Press, 2001), pp. 33-47.

² There is a considerable discrepancy between the 2003 Population Census data and other, including official Omani information concerning the population of the country. The official Omani statistical data provided in successive Statistical Yearbooks showed the Omani population in 2000 – 2,402,000; 2001 – 2,478,000; 2002 – 2,538,000 only to go down by 2003 Census data. According to various sources, the 2003 Census population numbers are underestimated.

The average annual population growth rate maintained a steady increase from about 2.0 percent in 1950s to 5.5 percent in 1985, when it began to decrease to about 3.0 percent in the 2000s³. But even such growth placed Oman in the years 2000-2005 among the world top ten countries in terms of population growth rates. According to the UN Population Division this trend will continue and the Omani population will triple in the next 50 years, reaching 9 million in the year 2050⁴.

This increase of the Omani population has not been caused by the indigenous population alone but by the influx of foreign workers as well. The employment of foreigners was a structural imperative for growth in Oman, as development depended upon the importation of foreign technologies and required knowledge and skills alien to the local Arab population. In consequence, foreign workers have become an important part of the labour force in most sectors of economy and the government bureaucracy.

Table 2. Oman. Populations of nationals and expatriates, 1975-2004 (in thousands)

	Nationals	Expatriates	Total
1975 ^a	650	132	782
1985 ^b	1,102	314	1,416
1995 ^b	1,557	574	2,131
2003 ^c	1,782	559	2,341
2004 ^d	2,326	577	2,903

Source: ^a Birks: 'The demographic challenge', Table 7.7, p. 147; ^b Oman Statistical Yearbook 2004, www.moneoman.gov.om; ^c 2003 Population Census, Oman Statistical Yearbook 2004; ^d CIA World Factbook 2004, www.cia.gov.

The percentage of expatriates in the total population grew from approximately 17 per cent in 1975 to 27 per cent in 1995 (Table

³ www.econstats.com.

⁴ To be exact, the United Nations Population Division projected the Omani population to reach 8,751,000.

2 and 4). The situation began to change, however, at the turn of the century. Omanization policies (see below) finally reverse this process and in 2004 the population of Omani nationals went up to 80 per cent, reaching its level from 1970s (Table 3).

Table 3. Oman. Percentage of nationals in population, 1975-2004

1975	1985	1995	2004
83.1	77.8	73.1	80.1

Source: Table 2.

Table 4. Oman. Percentage of expatriates in population, 1975-2004

1975	1985	1995	2004
16.9	22.2	26.9	19.9

Source: Table 2.

The Omani government have tried to change this proportion by adopting pronatalist policies that enlarge the size of national population. First of all, the authorities have devoted substantial funds to improving healthcare services and promoting hygiene, proper nutrition and healthy living as a way to increase the number of nationals. Due to these efforts, infant and maternal mortality rates have fallen sharply, being about four times lower than the world's average at the turn of the century (Table 5). Meanwhile, life expectancy at birth has gone up considerably, rising by approx. 25 years in the last few decades and being almost ten years above the world's average.

In order to encourage national couples to have more children, a number of incentives were introduced, including special housing loans or even free government housing for some low-income nationals, allowances for families according to the number of children or fully paid maternity holidays.

Table 5. Selected population statistics

fertility rate (1)	Maternal mortality rate (2)	infant mortal- ity rate (3)	life expec- tancy female (4)	life expec- tancy male (5)
5.0	87	10	76.3	71.0

Source: *The World Health Report 2004*, Annex, Tables 1 and 7, pp. 116 and 152 and Ministry of Health information.

Notes: (1) – 2002, children born/women; (2) – 2000, per 100,000 live births; (3) – 2000, per 1,000 live births; (4) and (5) – 2002, in years at birth.

Effects of pronatalist policies are, however, difficult to evaluate fully, as statistics of fertility rates published rarely separate data for nationals and expatriates. In general, the fertility rate in Oman has been very high, much higher than the world's average. Nevertheless, in the last decades it has been decreasing.

While in relative terms, the pronatalist policies have brought some positive results, their overall effects on population structure have been negligible. The ratio of nationals to expatriates, has not been much influenced by these policies. Moreover, as expatriate labour often provides for consumption needs, the need for foreign workers can increase with population growth of the local population⁵. The pronatalist policies have also caused some problems for the authorities. The enlarged young section of the population becomes a socio-economic, if not political, burden and a potential factor of instability, especially as unemployment grows. Therefore, the government have tried to limit the overall number of expatriates by administrative means and to replace them by nationals at work (see below).

⁵ A. Hossein, V. Nowshirvani and M. Jaber, *Economic Development in the GCC. The Blessing and the Course of Oil* (Greenwich, Connecticut, JAI Press, 1997), p. 73.

Heterogeneity of the population

The Omani population has not only been divided between citizens and temporary foreign workers. Even the nationals constitute a diversified group of people. Among them there are still highly distinguishable members of various tribes, ethnic or religious minority groups. Their group identification and perception by others have been related to the not-so-distant history of the country, when the interior, Muscat and Dhofar regions, as well as African territories were separate administrative entities, in case of the interior and Muscat additionally divided by the religious differences. Thus, in modern Oman there are still "Ibadis" (about 75 percent of the total population), coastal "Shiites", "Dhofaris", "Zanzibaris" (or more general "Swahilis" as they originated not only from the island, but also from Tanganyika and Central Africa). The Muscat-Matrah urban area has long been home to remarkable numbers of Persians (Iranians) and of merchants of Indian ancestry, some of whom also live along the al-Batina. Famous among the latter are the Liwatiyah, who originally came from Sindh (now in Pakistan) but have lived in Oman for centuries. The Omani Indian communities are mainly Shi'ites with a few Hindus. Besides majority Arabs, there is a large separate group of Baluchis. Finally, deep divisions exist between certain tribes (for example Al Bu Sa'id, Al Hindi, Al Gafri). Nevertheless, most of the local passport holders are quite well integrated in the community which began to possess the attributes of the modern nation-state. This has happened thanks to the work of Sultan Qaboos who, after becoming the ruler of the country in 1970 and successfully handling problems caused by the Dhofar uprising, made national integration one of the major issues of his policies. Only occasionally, in the social context, members of certain local groups, as well as naturalised foreigners are considered 'not real Omani' by other nationals.

In turn, the expatriate population is also highly diversified. Major expatriate groups in Oman consist of Indians (approx. 330,000), Bangladeshis (approx. 110,000), Pakistanis (approx. 70,000), Sri Lankans (approx. 30,000) and Egyptians (approx. 30,000)⁶.

Nationals and expatriates in the workforce

Although the number of Omanis in the total population greatly exceeds the number of expatriates almost at the rate of three to one, the latter dominate the labour market. In 2003, there were 58 per cent expatriates in the Omani workforce (Table 6).

Table 6. Nationals and expatriates in the Omani workforce, 1995, 2003

	<i>nationals</i>	<i>expatriates</i>	<i>Total</i>
1995	270,000	496,200	766,200
2003	312,446	424,178	736,64

Source: 1995 – Ministry of Development estimates, *Five-Year Development Plan 1996-2000* (Muscat, 1996), p. 114; 2003 – Population Census, Oman Statistical Yearbook 2004.

For several decades, the number of foreign workers has grown steadily along with the economic development of Oman. Growing at the same time was the expatriate share in the total workforce; it went up from about 35 per cent in 1975 to about 65 per cent in 1995. Only more recently, after 1995, did the overall situation begin to change, and a development that has resulted in the decrease of average representation of expatriates in the overall workforce is visible.

⁶ Data from the appropriate government departments as reported in Human Rights Watch reports for 2004.

On the contrary, the percentage of nationals in the workforce has decreased from 65 per cent in 1975 to about 35 per cent in 1995, only to shift to approximately 42 per cent by 2003. Oman, along with Bahrain, has the highest percentage of working nationals among the GCC (Gulf Cooperation Council) states.

A large expatriate presence in the Omani workforce is expected to continue in the years to come. The popular conviction that demand for foreign labour is only transient, as "in essence it is a demand for foreign skills that GCC nationals are in the process of developing", is not necessarily true⁷. The overall educational gap between nationals and foreign workers is not particularly large and the number of unskilled, illiterate foreign workers, who have little to offer nationals in terms of "know-how" transfer, is very high, ranging from 30 to 50 per cent⁸. Contrary to the long-term interests of nationals, the attention paid to the low wages of such workers is often greater than the understanding of negative effects of their large presence.

It also has to be remembered that the expatriate inflow is a self-feeding process. The employment of foreign workers increases the demand for housing, services, consumer and other goods, creating an additional demand for manpower that can be met only by greater immigration.

The ratio of the workforce to the total population is high, mainly because of the size of the expatriate workforce. The Economic Activity Rate in Oman in 2003 was 31 per cent, that is comparable to rates in other countries at a similar level of economic development and with comparable per capita income, but much lower than in highly developed countries (for example, in the US, the rate was 51 per cent in 2000)⁹. Economic

⁷ S. Al-Qudsi, *Labour Markets and Policy in the GCC: Micro Diagnostics and Macro Profiles* (Emirates Lecture Series, Abu Dhabi, The Emirates Center for Strategic Studies and Research, 1998), p. 24.

⁸ *Ibidem*, pp. 29-31 and 46.

⁹ The Economic Activity Rate.

Activity Rates, naturally, differ a greatly between nationals and expatriates. The national workforce in Oman is small, lower than is to be expected from the size of the national population. Only 17.5 per cent of Omanis work, as compared to 76 per cent of expatriates. Thus, each employed national has, on average, five dependants. In sharp contrast, each expatriate worker has on average only 0.3 accompanying family members.

There are several reasons for the low Economic Activity Rate of Omanis. First of all, the national population is very young, with large proportion of people aged below 15. Therefore, only a relatively small proportion falls within the economically active age group. Second, there is still only limited employment of women (see below). Finally, many working-age men of Omani nationality do not actually participate in the labour market because of the reduced economic necessity to do so: a circumstance that is exacerbated by a low retirement age. In contrast, the foreign labour force has a high Economic Activity Rate as a result of the dominance of single male workers and a lack of non-working expatriates, young and old.

The Economic Activity Rates for Omani nationals remained basically the same in the last decade. This shows that various attempts by the government to increase the number of working nationals have not been as successful as they could (in particular, the participation of women in the workforce did not increase much). At the same time, the Economic Activity Rate for expatriates decreased slightly, showing that their overall status in the society increased (they have been able to have more dependants).

Alongside the state policies of providing jobs to all nationals is the fact that the majority of them have been employed in the public sector. This is a paradox in countries with very liberal economic policies and free markets, but it is largely caused by the fact that salaries and other benefits in the public sector are quite attractive for nationals as compared to the demand for labour in the competitive, profit-oriented private sec-

tor. In Oman, 62.6 per cent of nationals were employed in the public sector in 2003, while 27.4 per cent were employed in the private sector¹⁰.

Women in the population and in the workforce

Women constitute a minority of the population of Oman due to the large number of single male expatriates as well as restrictions placed on the residence of expatriate women. Only certain categories of foreigners are allowed to bring their families with them, one criterion being the minimum required salary. In 2003, there were 1,027,576 women in the total population, that is 43.9 per cent. That proportion slightly increased in the last decade; for example, there was 41.4 per cent women the total population in 1997, showing more liberal attitude to bringing in foreign female workers and possibility to increase a number of female dependants.

While Omani women have constituted about 50 per cent of the national population (49.5 per cent in 2003), the expatriate women were at that time responsible only for 26.2 per cent of the foreign population. Therefore, the ratio of expatriate men to women was almost 3:1.

The female workforce in Oman continues to be small, at 15 per cent of the total; in 2003, there were 113,632 women in the total workforce of 736,624¹¹.

The Omani female workforce is over 17 per cent of the total Omani workforce; in 2003 there were 53,791 Omani women in the total Omani workforce of 312,446¹². That percentage has been steadily going up in recent years; for

¹⁰ Population Census 2003, *Oman Statistical Yearbook 2004* (Muscat, Ministry of Development), Table 23-2.

¹¹ Ibidem, Table 16-2.

¹² Ibidem, Table 17-2.

example a decade earlier, in 1993, there were fewer than 10 per cent of Omani women in the total Omani workforce¹³.

The expatriate female workforce accounts for 14 per cent of the total expatriate workforce; in 2003 there were 59,841 expatriate women in the total expatriate workforce of 414,178¹⁴. That percentage was much less than a decade earlier (19 per cent), probably because of the growing number of Omani women going to work.

As a small percentage of national women work, their Economic Activity Rate is low – 6.1, much lower, as might be expected, than in the case of men (28.7), but in the upward trend; in 1993 the Economic Activity Rate for Omani women was 3.5. In contrast, the Economic Activity Rate of expatriate women is quite high, over 40 per cent.

The majority of national women work in the public sector which provides higher salaries and accommodates better their needs for flexible working hours. Moreover, the public sector provides them with protection, shielding them from the necessity of dealing with a large number of persons, usually foreign men, as is the case in the private sector. In 2003, 63.3 per cent of female Omani workforce was employed in the public sector, as compared to 26.6 in the private one, interestingly enough in both cases almost the same percentage as for Omani men¹⁵. Thirty-nine per cent of Omani women worked in education, 15 per cent in public administration, and 14 per cent in health and social work¹⁶.

The increase in the employment of national women is expected to continue in the near future, because of the economic necessities, more liberal attitudes towards the employment of women in society at large, the strong interest among many national women in working, the improvement of educational

¹³ A. Kapiszewski, *Nationals and Expatriates*, p. 108.

¹⁴ Population Census 2003, Table 18-2.

¹⁵ *Ibidem*, Table 23-2.

¹⁶ *Ibidem*, Table 20-2.

facilities for women and the shortage of national men to fulfil the needs of the market.

Although a part of national public opinion might still be against the idea of working women, the authorities have become strong supporters of enhancing their public role and their employment. In 1994, Sultan Qaboos nominated the first two women to the State Consultative Council (Majlis al-Shura). Opening the Council session, he called on Omani women "to roll up their sleeves and contribute to the process of economic and social development [...]. The country needs every pair of hands"¹⁷. On another occasion he said, that "if the energy, capability and enthusiasm of women were excluded from a country's public life, that country would deprive itself of 50 per cent of its genius"¹⁸. Further promoting the role of women in public affairs, in 1997, he allowed national women to participate in the elections (the first such case in the GCC countries) and later nominated four of them to the newly established Council of Oman. In 1998-1999, the Sultan appointed the first woman ambassador, named three women under-secretaries in the Omani government and one a member of the board of the chamber of commerce and industry. In 2003, he appointed a woman to become President of the Public Authority for the Craft Industries at the rank of a minister. Finally, in 2004 the Sultan appointed three other women to the cabinet, to manage the Higher Education, Tourism and Social Development Ministries. Moreover, five female lawyers were appointed as attorney generals, the only such case in the GCC states. In turn, among the religious leaders of the GCC countries, the Mufti of Muscat stands apart as being the only one to give his blessings to the inclusion of women in the political process¹⁹.

¹⁷ *Khaleej Times*, 4 September 1994.

¹⁸ K. Thomas, 'A velvet revolution', *Arabian Trends* (April) 1999, p. 34.

¹⁹ C. J. Rippenburg, *Oman: Political Development in a Changing World* (Westport, Connecticut, Praeger, 1998), p. 152.

Policies towards foreign labour

Policies towards foreign labour have been designed to secure the preservation of the existing regime and the dominant position of the national population. They are based on the following principles: rigorous laws regulating the entry, residence and employment of foreigners; rotation of the migrant workforce; preference for labour from certain regions; and last but not least, rigid restrictions on naturalisation.

Laws regulating the entry and employment of foreigners have generally been restrictive. Except for the citizens of the GCC countries and a few other exceptions nobody can enter a country without a proper visa, which in most cases requires a local sponsor. When the purpose of entry is employment, the application has to be made by the future employer, in which case residency and work permits issued by the Ministries of the Interior and Social Affairs, Labour and Vocational Training, are also necessary. Work permits and entry visas are issued only when taking into consideration age, health, competence and qualifications for the job in question, and sometimes also 'good reputation and behaviour'. Residency visas are granted for a limited period of time, not exceeding five years. Work permits have to be renewed regularly, often annually, and when cancelled the residency permits become invalid. Changing the type of visa (for example from tourist to residency) is restricted, as is the possibility of changing employer (which usually requires the prior consent of the first sponsor and the authorities). In such situations the person is often required to leave the country for a certain period of time before being granted a new contract and work permit. The local sponsor is responsible, at least on paper, for the conduct of the employee and is obliged to ensure that he or she is employed in accordance with legislation. In reality, the foreign workers can be hired and fired at the will of their em-

ployers. Moreover, authorities can terminate residency and working permits at any time. To secure even better control of foreign labour, employees are generally required to cede their passports to the employer for the duration of their stay in the country.

Despite the existence of all these restrictive regulations, the rotation of the workforce has proved impossible to achieve as planned. The free market economy has been more powerful than the policies the authorities would like to implement. The majority of expatriates have stayed beyond the term of the original contract, as employers usually prefer to hire workers with local experience rather than bring in new ones. Moreover, bringing in a new worker involves additional costs to the company. As a result, the average period of time that foreign workers have spent in Oman has been growing and the number of practically, though not formally, permanent workers has increased.

In turn, the policies regarding preferences for labour from certain countries have essentially accomplished their goals. In particular, the number of non-Gulf Arab workers, Palestinians in particular, was kept low while the number of Asians was high.

Finally, policies regulating naturalisation and citizenship have been most strictly enforced, successfully limiting the possible enlargement of privileged local populations by foreign elements. One has to be resident for 20 years to have the right to apply for the citizenship; this requirement is reduced to 10 years if the applicant has been married to an Omani. Because of such restrictions, very few people have been naturalized; for example between 1986 to 1996 only 1,861 foreigners were able

to obtain such status²⁰. Most of them were Arab women married to nationals²¹.

In due course, however, the authorities realised that the size of the foreign workforce grew much beyond the government's expectations and full control over it became increasingly difficult. Therefore, they began to introduce different measures to deal with the problem.

To discourage foreigners even from considering the option of settling down, they have been forbidden, with a few exceptions, from owning land, buildings and any other immovable property, and barred from entering into a commercial venture without a national partner (foreign participation in a business must not be a majority share).

To limit the number of non-productive foreigners residing in the country, expatriate workers are prohibited from bringing in their family members unless they earn above a certain limit. Male children above the age of 18 are not allowed to stay with their parents unless they work or study in the country under different sponsorship. To limit the number of foreigners further, employment contracts are generally not renewed for expatriates reaching the retirement age of 60.

Then, the government have made employment of foreigners more expensive. For that reason the costs of labour cards, work and resident permits, entry and exit visas and health cards as well as the costs of subsidised services for expatriates have continually increased. In 1994, the government introduced a tax for hiring foreign workers. The tax ranges from 60 rials (\$157) annually for each expatriate employee in the private sector to 70 rials (\$184) for each domestic helper. Secondly, to reduce the number of foreigners further, amnesties have been regularly granted to non legally residing foreigners (that is,

²⁰ As calculated by the number of passports issued by the Naturalization Department, *Statistical Yearbook 1996* (Muscat, Ministry of Development).

²¹ J. al-Jasser, "Naturalization in the Gulf: Ladies come out on top", *Mideast Mirror*, 2nd June 1999.

without a proper visa), allowing them to leave the country voluntarily without punishment. At the same time, tough penalties were introduced for illegal employment, with sentences to be served in prisons and substantial fines for both the illegal labourers and the nationals employing or sheltering them. The administrative deportations of non-legalized residents have been also practised.

Finally, to limit further the increase in the number of foreign workers, especially unskilled, the authorities have been trying to develop high-tech manufacturing and services which are not labour-intensive and do not need large on-site field personnel.

All the policies aimed to limit the numbers of the foreign labourers have neither been strict enough, nor fully implemented. In reality, they have often been losing the battle with the forces of the free market. A *laissez-faire* approach to the import of foreign labour continues to enjoy a strong support from the politically powerful lobbies of trading and merchant families whose fortunes have to a large extent been built thanks to expatriate workers.

Localisation of the labour market

Omanisation (often also called localisation, nationalisation or indigenisation) are terms used to describe policies leading to the replacement of expatriate labour by nationals. The Omani authorities try to implement such policies to provide jobs for all citizens, and also because they understand well the security-related, economic, social and cultural risks coming from the existence of large communities of foreigners on their territory.

The localisation of jobs in Oman went on the government's agenda very early. The Education and Training Council chaired by the Sultan was already established in 1977. The Third Five-Year Development Plan (1980-1985) paid much

attention to this issue. The Ministry of Social Affairs and Labour through its Directorate General of Vocational Training established several Vocational Training Institutes in different regions of the Sultanate in the mid-1980s. In hardly any time at all, they began to offer numerous commercial and technical courses for nationals. Oman Technical and Industrial College, the Institute of Health Services, the Institute of Public Administration and the Institute for Bankers were set up as well²². State-owned oil companies, such as Oman Petroleum Development and Oman Refinery Company established in-service training and educational programs for their Omani employees. At the same time, the authorities began to involve the private sector in such programs. In the early 1980s, the Training-Levy Rebate Scheme was introduced to reimburse the costs of training courses for Omani nationals to private employers.

The first sector the government decided to nationalise was the banking sector, attractive for nationals thanks to high salaries and the prestige associated with the job. Omanis quickly dominated this sector and in the 1990s already constituted 85 per cent of all bank employees. Programs to Omanise fully some other sectors, nursing for example, were established as well. At the primary school level, 95 per cent of teachers are Omanis already; in the whole public school system 57 per cent of teachers were nationals in 1999²³. Altogether, 81.8 per cent of all government employees (excluding military) were Omanis by 2005, with several government departments becoming almost 100 per cent localised²⁴.

²² J. S. Birks and C. A. Sinclair, 'Successful education and human resource development – the key to sustained economic growth', in B. R. Pridham (ed.), *Oman: Economic, Social and Strategic Developments* (London, Croom Helm, 1987), pp. 145-65.

²³ *The Washington Report on Middle East Affairs*, (March) 1999, p. 74.

²⁴ Interview with Ahmed bin Abdulnabi Macki, Minister of Economy, *Khaleej Times*, 4th January 2006.

In 1994, Oman became the first country in the GCC to introduce legal requirements for the localisation of the private sector. The Ministry of Social Affairs and Labour imposed an Omanisation percentage according to a sectorised quota system: banking – 90 per cent; transport, storage and communication – 60 per cent; finance, insurance and real estate – 45 per cent; hotels and restaurants – 30 per cent; wholesale and retail – 20 per cent; and contracting – 15 per cent. Several categories of jobs, such as fishing, animal husbandry, driving light vehicles or practising traditional handicrafts, were reserved for nationals only. The plan aimed to increase the percentage of Omanis in the private sector to 27 per cent by the year 2000 (from 17 per cent in 1995), which would bring the overall localisation of the workforce to 40 per cent.

Companies were asked to reach the targeted percentages on time or face heavy fines, the denial of visas for importing labour and the loss of public contracts for failing to comply. Nevertheless, the implementation of this ambitious program had to be postponed. Most of the private companies were not ready to fulfil the legal obligations, claiming lack of sufficient numbers of properly skilled Omanis to take jobs over from expatriates. The truth, however, was that all too often, private companies did not take the issue seriously and did very little or nothing about it. The attitude of the private sector was, and still is, somewhat opportunistic and there has been evidence of “crash management hire-an-Omani-somehow” techniques to win favour with the government²⁵. Another major problem has been the different salary expectations between expatriate and local labour. Many expatriates from Asia are ready to work for 60 rials (\$160) a month while the minimum wage required for an Omani secondary school graduate is 200 rials (\$550). Private

²⁵ F. Al-Farsi, ‘Omanisation and faculty development in Sultan Qaboos University’, in K. E. Shaw (ed.), *Higher Education in the Gulf: Problems and Prospects* (Exeter, Exeter University Press, 1997), p. 183.

companies prefer, of course, to employ the former. Nevertheless, thanks to the government involvement, the rate of localisation in the private sector reached 25 percent in 2005 (increasing from 16.4 in 2000)²⁶.

In the mean time, the Omanisation policy and the quota system in particular were outlined in the Fifth Five-Year Development Plan (1996-2000) as well as in the Sixth (2001-2005). It was stated there that, along with Sultan Qaboos' vision for Oman's economy, there was a need to attach a greater importance to human resource development. This means "upgrading and developing ... basic education to the level of distinguished international standards", and "expanding the area of technical education and vocational training, and directing most of the basic education graduates towards these areas"²⁷. At the same time, it was also expected that the unemployment should substantially go down and the Omanisation of the labour force should increase.

To fulfil these goals, to oversee all issues related to vocational education and in particular to ensure that vocational training meets the needs of the private sector employers, the Supreme Committee for Vocational Training and Labour was established (replacing former bodies of this kind). Ministers of national economy, commerce, industry and development became its members. The Committee's executive arm, the Vocational Training Authority, has been entrusted with the task of initiating programs to increase the number of trained professionals and technicians. Thanks to the Authority's initiatives, several technical colleges and vocational training centres have been established. Many private institutes offering training in business, computer skills and accounting have opened as well. Moreover, significant budget allocations have

²⁶ Interview with Ahmed bin Abdulnabi Macki, Minister of Economy, *Khaleej Times*, 4th January 2006.

²⁷ Royal Decree No.1/96, *Official Gazette*, January 1996.

been made for training schemes for nationals, including ones for women. The government has also decided to use for that purpose funds generated from the tax imposed on companies for hiring expatriate workers. The authorities have also expanded earlier schemes and have begun to reimburse private companies for employing Omanis, covering the entire cost of their in-job training and 50-80 per cent of their salaries for the first few months.

The Vocational Training Authority has adopted the British National Vocational Qualification System to help boost human resource development. It puts equal emphasis on real-life experience and classroom theory, and – to a large extent – satisfactorily tackles the problem of secondary school leavers. Only those educational institutions which satisfy the system's requirements are entitled to apply for government subsidies. To expand educational possibilities further, as Sultan Qaboos University and a few other existing public colleges can enrol only about 15 per cent of high school graduates, the establishment of private colleges has been allowed. The government believes that with all these measures adopted, it will be possible to increase the enrolment of nationals in technical and vocational education significantly. At the same time, the Chairman of the State Council, Sheikh Hamud al-Harifhi, warned men in Oman "against the consequences of their laziness, because women are taking their due role in all ministries, establishments and areas of production and are scoring superior positions"²⁸. As national women won the majority of university seats, the state intervened and had the enrolment percentage equalled between males and females.

Other actions have been initiated as well. First of all, the Omani government decided, in 1997, to require the early retirement of more than a fourth of its civil service, to secure in such a way a number of jobs for young nationals. Secondly,

²⁸ Reuters, 25 June, 1999.

1998 (and later, 1999 as well) were proclaimed the Year of the Private Sector, with the aim of promoting further development of this sector and the localisation of private establishments. In particular, companies employing a large number of Omanis and organising training programs for them became eligible for special "green cards" from the (renamed) Ministry of Social Affairs, Labour and Vocational Training, giving them priority in expediting their labour-related transactions at the Ministry. To help to eradicate unemployment among graduates, the Fund for the Development of Youth Projects was launched in 1998, the first of its kind in the Gulf. Sultan Qaboos and other members of the royal family were the first donors to the fund. Finally, a decision was reached to begin implementing strictly the 1994 law and fine establishments that do not meet the quota requirements. Petrol stations were the first companies where this measure was adopted. The authorities suspended labour cards of expatriate employees in gas stations which are not 50 per cent Omanised. In the next step, all school bus and tractor driver positions were set aside for nationals²⁹. Hairdressers, tailors and gas distributors were added to the list of occupations reserved for Omanis only. Moreover, the government asked all private companies employing 50 or more local workers to have an Omani director of personnel by the end of 1999 and announced that it would no longer grant expansion loans to companies that had not reach Omanisation targets. The authorities stress that they do not intend to Omanise positions if there were a negative repercussion on productivity or the quality of services provided. Nevertheless, the restrictions result in a certain amount of complaints both from nationals and expatriates. As the Economist Intelligence Unit experts

²⁹ This decision has not been easy to implement. For example, as *Oman Observer* noted, many Omanis "are not able to operate the sophisticated mowers, bailers, rakers, etc.". Moreover, small farmers have financial worries related to the ban. Omani tractor drivers charge 120 rials (\$307) a month compared to 70 rials (\$180) for Asian workers.

remarked: "the forced complete Omanisation of basic services as such as the supply of cooking gas cylinders, on which a substantial portion of the country depends, will leave the government open to particular criticism if Omanis who take these jobs are not responsive to after-hours or weekend calls. There will no doubt be some early difficulties, but the government is unlikely to rescind the order as it comes under increasing pressure from unemployment"³⁰.

Localisation has become easier to achieve as the attitude of young Omanis towards jobs has changed. Young people used to want to work in the ministries or to begin their careers in high managerial posts: now they realise that this is often not possible and faced with the threat of unemployment, they go to technical or clerical jobs outside the public sector as well. The Minister for Social Affairs, Labour and Vocational Training, Amur bin Shuwain al-Husni, stressed the importance of this approach and said that Omanis should seize the jobs available rather than wait for the choicest ones. "We cannot wait for foreigners to cook for us, drive our cars and tailor our clothes ... no work is inferior"³¹. Sultan Qaboos went even further and denounced what he called 'the laziness' of the present generation who are no longer willing to perform manual labour³².

Despite all these efforts, Omanisation continues to face serious problems. In the study by Asya Mohamed Suleiman Al-Lamky, 65 per cent of Omani graduates indicated that they were not able to replace expatriates at work³³. According to Fawzia Al-Farsi, the major obstacles to Omanisation are: lack of awareness amongst expatriates of their responsibility to train

³⁰ EIU, *Oman. Country Report* (2nd quarter 1999), p. 15.

³¹ *Gulf News*, 5 May 1998.

³² EIU, *Oman. Country Report* (4th quarter 1998), p. 13.

³³ A. M. S. Al-Lamky, *Higher Education in Oman: Perceptions of University Graduates in the Context of Dependent Development, 1970-1990* (Ph.D. thesis, The George Washington University, 1992), p. 216.

nationals and inadequate cooperation from expatriates in this respect as a result of their fear of losing employment, lack of clear policy and Omanisation targets; continued preferential treatment of expatriates over Omani nationals in the private sector; insufficient opportunities for Omanis to be given responsibility at work, inappropriate Omani work attitudes and limited commitment³⁴. Moreover, the localisation of the workforce in Oman, as in other GCC countries, has not been welcomed by everybody. Some businessmen have expressed their criticism of enforced localisation. They believe that "Omanisation cannot be based on converting the private sector into charitable institutions, forcing it to absorb nationals"³⁵. Others point out that localisation should not be speeded up as otherwise serious problems will likely to occur, as for example was the case when expatriate water-tanker drivers were replaced by nationals, resulting in a poor supply of water³⁶. On the other hand, there has also been criticism that localisation policies have not been enforced firmly enough. The President of the Shura Council, 'Abdullah bin 'Ali al-Qatabi, has called in 1998 for the review of the Omanisation policies since an increasing number of expatriates continue to arrive in the Sultanate to take up employment³⁷. Moreover, the unemployment of nationals stays high: according to official estimations in 2003, more than 60,000 Omanis under the age of 24 were without jobs³⁸. Nevertheless, in comparison with other GCC states, the localisation of the Omani workforce has been quite successful so far.

³⁴ Al-Farsi, 'Omanisation', p. 190.

³⁵ *Emirates News*, 10 October 1997.

³⁶ EIU *Oman. Country Report* (1st quarter 1998).

³⁷ *Khaleej Times*, 23 March 1998.

³⁸ *Middle East Economic Digest*, 2 May 2003.